

Wisconsin Estimated Tax and Estimated Recycling Surcharge for

- Individuals
- Estates
- Trusts
- Corporations
- Partnerships

CAUTION

The information in this publication reflects interpretations by the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature as of January 1, 2006. Laws enacted after this date, new administrative rules, and court decisions may change the interpretations in this publication.

I. ESTIMATED RECYCLING SURCHARGE

Who Must Pay Estimated Surcharge?

Individuals, trusts, estates and corporations must add estimated recycling surcharge to estimated income tax when determining whether it is necessary to pay estimated tax. Partnerships and limited liability companies taxed as partnerships must make estimated surcharge payments if you expect to owe at least \$200. Limited liability companies taxed as corporations must pay if they expect to owe at least \$500 (see corporation requirements). Exceptions to the general rule are explained in separate instructions for:

1. Individual, trust or estate — Form 1-ES
2. Corporation — Form 4-ES
3. Partnership — Form 3S-ES
4. Limited Liability Company — Form 4-ES or Form 3S-ES

II. INDIVIDUAL ESTIMATED TAX

Who Must Pay Estimated Tax?

Tax (including alternative minimum tax) is required to be paid on income as it is earned or constructively received. Withholding tax and estimated tax are the two methods used to make those required tax payments. Generally, if you work for wages, you have tax withheld from your wages to timely pay any tax which will be computed on your income tax return for the year. If you have income from which tax is not withheld (e.g., self-employment

income, pension income, interest and dividend income), you must pay estimated tax to timely pay any tax which will be computed on your income tax return for the year.

You must pay Wisconsin estimated tax if you expect to owe, after subtracting your withholding and credits, at least \$200 in tax. There are exceptions to this general rule. They are explained in the instructions for the Wisconsin Estimated Tax Form 1-ES.

Full-year residents, part-year residents, nonresidents, trusts and estates are subject to the estimated tax requirement.

However, nonresidents are subject to withholding on Wisconsin income allocable from a pass-through entity. Nonresident shareholders, partners, members, or beneficiaries of pass-through entities are not required to make estimated tax payments on income that will be subject to withholding by the pass-through entity. The pass-through entity makes this withholding with Form PW-1 and notifies the nonresident of the amount withheld on the Schedule 5K-1, 3K-1, or 2K-1 issued to the nonresident.

When to Pay Your Estimated Tax.

Generally, you must make your first estimated tax payment by April 15. You may pay all your estimated tax for the year at that time or make four equal installments on or before April 15, June 15, September 15, and January 15. Exceptions to this general rule are explained in instructions for Wisconsin Estimated Tax Form 1-ES.

Failure To Pay Your Estimated Tax.

If you are required to pay estimated tax and you do not, or you underpay any installment, you may be charged interest on the amount of the underpayment. Wisconsin Schedule U can be used to compute the interest to be paid with your income tax return or to determine if you qualify for a waiver of interest.

For More Information.

For more information, contact the department's Customer Assistance Section at (608) 266-2772 or any Department of Revenue office.

III. CORPORATION ESTIMATED TAX**Who Must Pay Estimated Tax?**

You must pay Wisconsin estimated tax installments unless (1) the net tax for the current taxable year will be less than \$500; or (2) the preceding taxable year was a taxable year of 12 months, you did not have any tax liability for that preceding taxable year, and you will have net income of less than \$250,000 for the current taxable year.

When To Pay Your Estimated Tax.

Generally, you must make your first estimated tax payment by the 15th day of the 3rd month of the taxable year. You may pay all your estimated tax for the year at the time or make four equal installments on or before the 15th day of the 3rd, 6th, 9th, and 12th months of the taxable year. Exceptions to this general rule are explained in instructions for Wisconsin Corporation Estimated Tax Form 4-ES.

Failure To Pay Your Estimated Tax.

If you are required to pay estimated tax and you do not, or you underpay any installment, you may be charged interest on the amount of the underpayment. Wisconsin Schedule 4U can be used to compute the interest to be paid with your franchise or income tax return.

For More Information.

For more information, contact the department's Corporation Processing Unit at (608) 266-0800 or any Department of Revenue office.

IV. WHERE DO I GET THE FORMS I NEED?

To request a Wisconsin Estimated Tax Form 1-ES, 4-ES, or 3S-ES, a Wisconsin Schedule U, or 4U, call the department's forms request line at (608) 266-1961 or contact any Department of Revenue office. You may also obtain these forms using the department's Fax-A-Form services at (608) 261-6229. You may also download or order these forms from our web site at www.dor.state.wi.us. These forms are also available at many libraries from January to April.